



GRAIN TRANSPORTATION REPORT

Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

DECEMBER 10, 2002

<u>TM GRAIN TRANSPORT COST INDICATORS</u>	<u>Truck</u>	<u>Rail</u>	<u>Barge</u>	<u>Ocean</u>	
				<u>Gulf</u>	<u>PNW</u>
Indicator Value* for 12/10	95	116	127	111	128
Compared to Last Week	➔	⬇	⬆	➔	⬆
<small>*Indicator: Base Year 2000=100; Cost Data, Weekly Updates include Truck=Diesel, Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Quarterly Updates for Ocean Vessel based on Routes to Japan</small>					

U.S. Opens Door for Mexican Truckers. Within the next few weeks, Mexican trucks will be permitted into the interior of the United States. President Bush made the decision to allow Mexican trucks inside the 20-mile commercial zone in accordance with a commitment made under the North American Free Trade Agreement (NAFTA) of 1994.

The issuance permits commercial Mexican trucks free access beyond the 20-mile commercial zone bordering the two countries, as long as they meet truck inspection, driver safety, and environmental requirements as prescribed by the U.S. Department of Transportation (USDOT). "Mexican truckers must meet the same standards as U.S. operators," according to USDOT Secretary, Norman Mineta. President Bush's action follows a 20-year moratorium, banning Mexican trucks from U.S. roads, except for the 20-mile commercial zone. Of the approximately 4.3 million crossings made into this commercial zone during 2001 (at 27 sites along the California, Arizona, New Mexico, and Texas borders) approximately 63,000 were by Mexican trucks.

Although the 1994 NAFTA agreement between Canada, Mexico, and the United States was, in part, intended to permit Mexican commercial truck access into the United States, a host of complaints and controversy delayed this decision until recently. U.S. environmental groups, such as the Sierra Club, the Natural Resources Defense Council, and Friends of the Earth, voiced concerns to the U.S. Federal Motor Carrier Safety Administration (FMCSA) over increased pollutants from Mexican trucks on U.S. roads. In response, the FMCSA has assured the public, through the Federal Registry, dated March 19, 2002, that the cross-border trucking decision is within the provisions of the Clean Air Act and the requirements imposed by the Environmental Protection Agency.

In response to concerns raised by groups such as the Teamsters Union and Automobile Association of America over the safety of Mexican trucks and drivers, USDOT has increased the number of truck inspectors on the border from 58 to 274 and will require that Mexican truck drivers have the Licencia Federal, the equivalent of the U.S. commercial driver's license. An FMCSA safety audit will be required, and permanent operating authority will only be allowed after an 18-month provisional period, during which time the carriers will need to maintain safety compliance ratings. A Certificate of Registration issued by the FMCSA will be provided after the carrier has met these provisions. A Commercial Vehicle Safety Alliance decal will be required for all Mexican trucks crossing into the United States. The decal is valid for 90 days and indicates the truck has passed inspection by a qualified inspector. Mexican trucks will also be required to carry permanent U.S. insurance while operating in the United States. Only about 20 percent of Mexico's trucking fleet, most of which is managed by large Mexican corporations, currently meets U.S. safety standards.

Despite the strict requirements imposed by USDOT, groups such as the Teamsters Union remain concerned over wages and competition, claiming that U.S. truck drivers may be replaced by their lower paid Mexican counterparts, who make roughly half of the 32 cents per mile paid to U.S. truckers. To date, approximately 130 applications from Mexican-based carriers seeking access beyond the 20-mile commercial zone are pending. It should be noted that Mexican truckers will not be allowed to transport goods between points within the United States.

Canada and the United States have had an established record of cross-border commercial traffic since the early 1980s, when Canada lifted its moratorium, allowing U.S. trucks to cross the U.S.-Canadian border. Inspection requirements for Canadian carriers operating in the United States have been the same as for U.S. carriers. (*U.S. Federal Highway Administration, U.S. Environmental Protection Agency, USDA, Newsedge 12/02, NYTimes 11/28*)

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The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads

Per Bushel

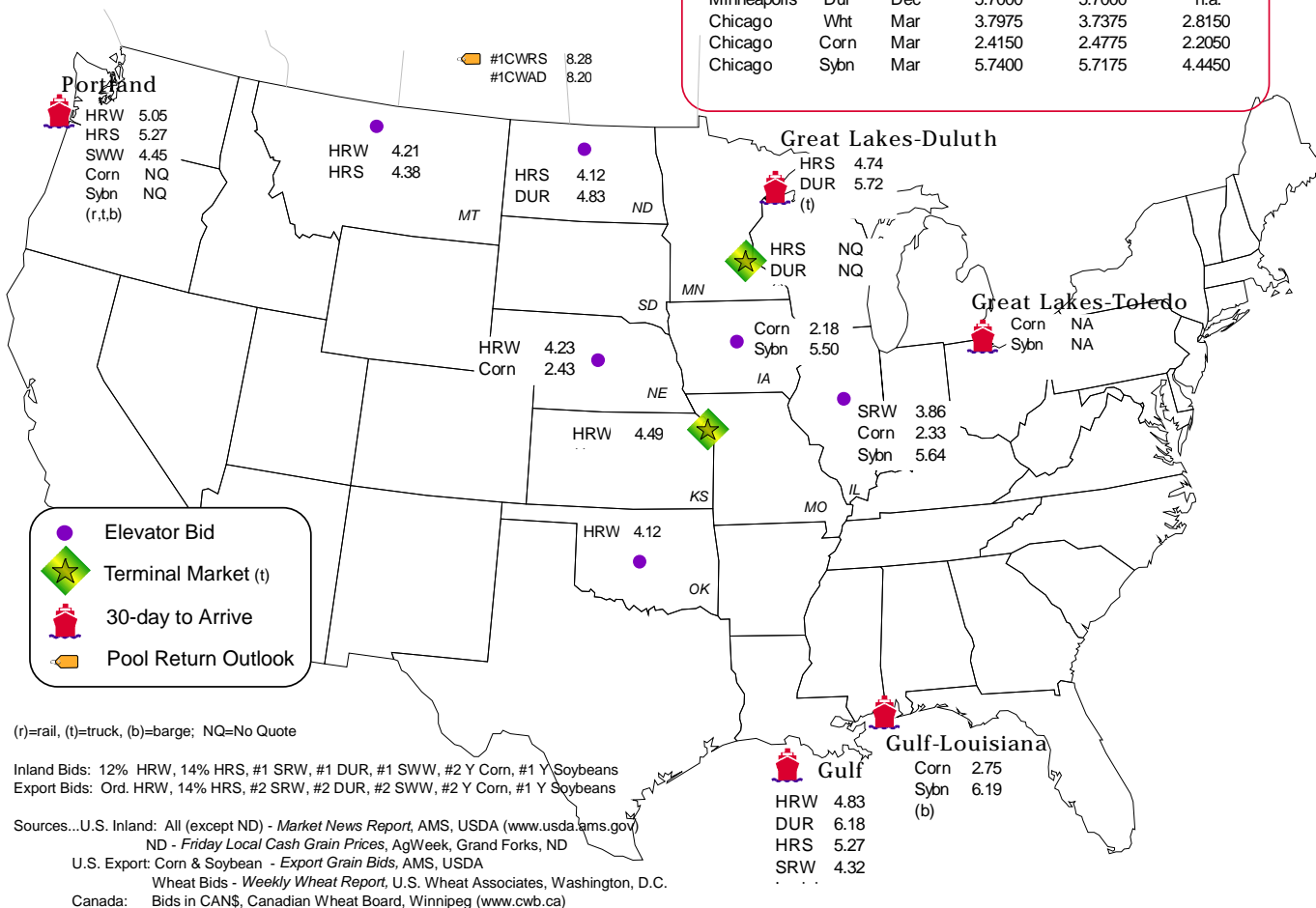
Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.42	-0.44
Corn	NE -- Gulf	-0.32	-0.32
Soybean	IA -- Gulf	-0.69	-0.66
HRW	KS -- Gulf	-0.34	-0.42
HRS	ND -- Portland	-1.15	-1.20

The **Grain Bid Summary** illustrates the market relationships for corn, soybeans, and five varieties of wheat among selected origins and destinations. Positive and negative adjustments in the differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.

Grain Bid Summary

Futures:

			11/29/2002	Week Ago 11/22/2002	Year Ago 11/30/2001
Kansas City	Wht	Mar	4.3275	4.2425	2.8625
Minneapolis	Wht	Mar	4.1950	4.3100	2.9650
Minneapolis	Dur	Dec	5.7000	5.7000	n.a.
Chicago	Wht	Mar	3.7975	3.7375	2.8150
Chicago	Corn	Mar	2.4150	2.4775	2.2050
Chicago	Sybn	Mar	5.7400	5.7175	4.4450



RAIL TRANSPORTATION

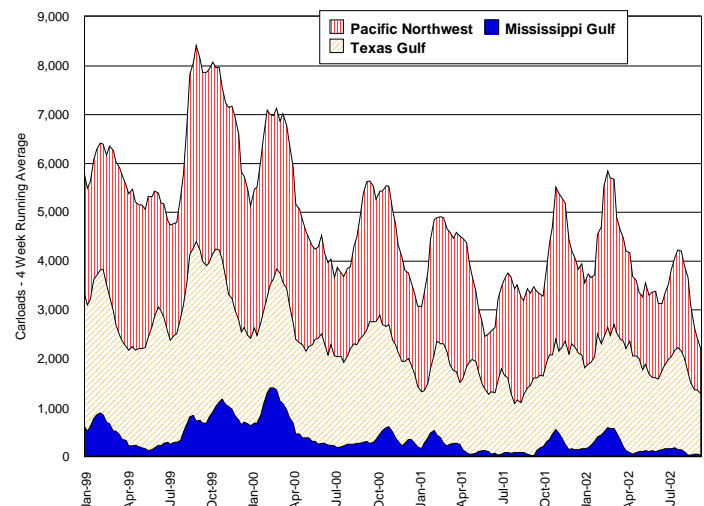
Rail Deliveries to Port

Carloads

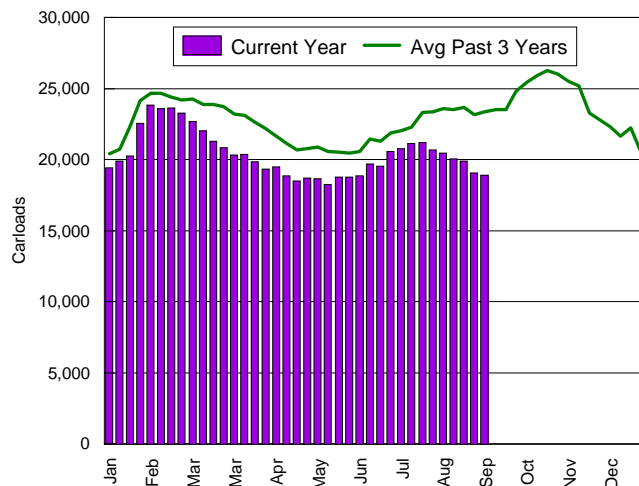
	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
11/20/02	35	1,894	3,796	99	5,824
11/27/02	24	927	3,052	411	4,414
YTD 2002	9,845	79,646	102,293	19,349	211,133
YTD 2001	9,395	74,126	103,874	24,263	211,658
% YTD 2001	105%	107%	98%	80%	100%
Total 2001	10,022	81,804	111,376	26,604	229,806
Total 2000	25,767	104,473	128,414	14,816	273,470

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data

Rail Deliveries to Port



Grain Car Loadings for Class I Railroads



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated and Grain Service Index

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
11/30/02	2,168	2,767	8,451	455	7,109	20,950	3,112	3,666
This Week Last Year	2,814	3,269	8,520	620	6,086	21,309	5,605	4,561
2002 YTD	132,242	151,916	369,059	24,860	318,466	996,543	181,040	184,475
2001 YTD	141,116	151,208	397,913	23,862	320,928	1,035,027	235,899	217,032
% of Last Year	94%	100%	93%	104%	99%	96%	77%	85%
2001 Total	151,864	163,018	428,603	26,330	347,156	1,116,971	254,982	232,461

U.S. Rail Carrier Grain Service Index*

Dec-01	95.5	93.1	100.9	101.0	98.0	97.5
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Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online for Rail Carrier

Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jan-03	Feb-03	Mar-03
COT/N. Grain	\$0	no bid	no bid
COT/S. Grain	\$0	\$0	\$0
GCAS/Region 1	\$6	no offer	no offer
GCAS/Region 2	\$30	\$2	\$2

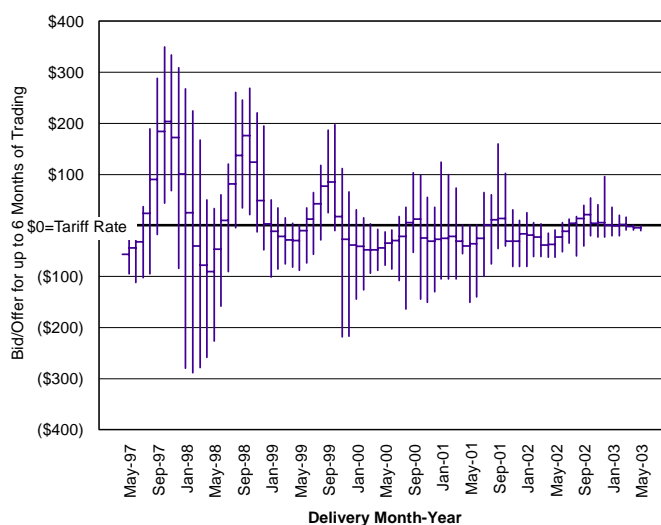
Source: Transportation & Marketing/AMS/USDA.

(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Dec-02	Jan-03	Feb-03	Mar-03
BNSF-GF	\$9	\$5	\$(1)	\$(1)
UP-Pool	\$32	\$36	\$16	\$14

Secondary Rail Market Bid**Tariff Rail Rates for Unit Train Shipments**

December 2002

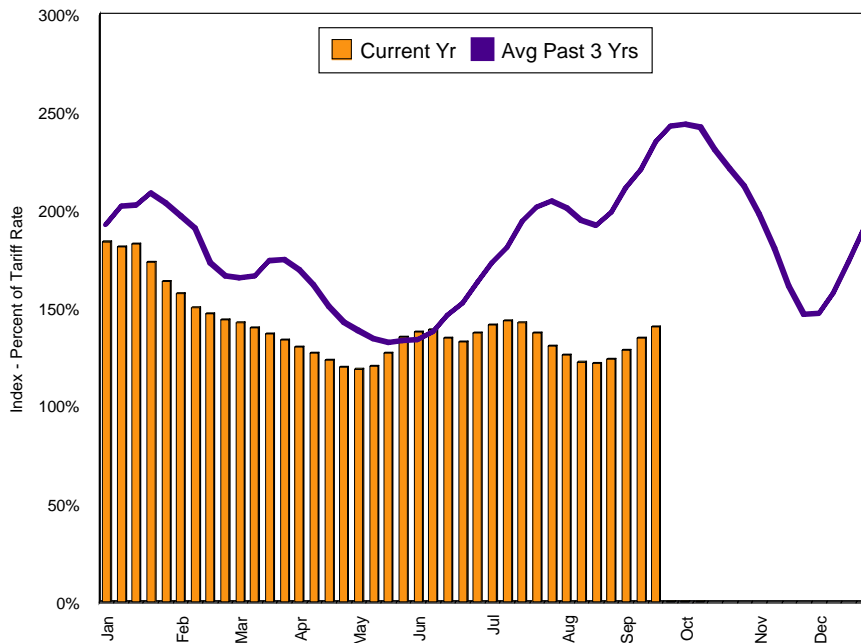
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
12/02/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
12/02/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
12/02/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
12/02/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
12/02/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
12/02/02	31005	Corn	Minneapolis, MN	Portland, OR	\$3,050	\$33.62	\$0.85
12/02/02	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
12/02/02	31005	Corn	Omaha, NE	Portland, OR	\$2,850	\$31.42	\$0.80
12/02/02	61110	Soybean	Minneapolis, MN	Portland, OR	\$3,030	\$33.40	\$0.91
12/02/02	61110	Soybean	Omaha, NE	Portland, OR	\$2,780	\$30.64	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

BARGE TRANSPORTATION

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating barge rate per ton:
 $\text{Index} \times 1976 \text{ Tariff Benchmark Rate per Ton}$

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

	12/4/02	11/27/02	Jan. '03	Mar. '03
Twin Cities	nq	nq	nq	205
Mid-Mississippi	248	258	nq	177
Illinois River	216	241	195	165
St. Louis	161	215	132	136
Lower Ohio	158	167	135	137
Cairo-Memphis	149	172	125	122

Source: Transportation & Marketing /AMS/USDA; nq=no quote

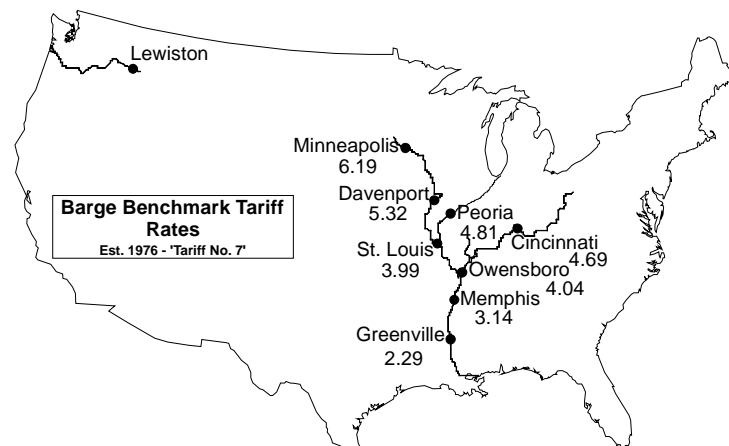
BARGE FUTURES MARKET

Southbound Barge Freight Nominal/Cash Basis Values

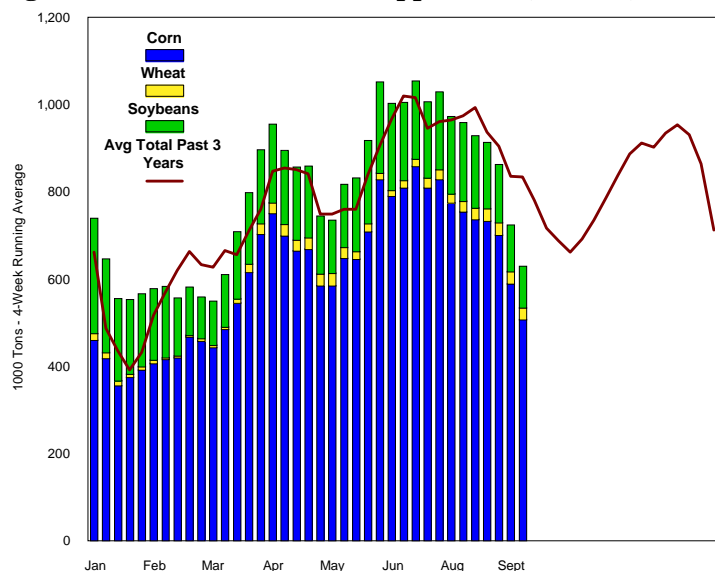
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
12/10/02	St. Louis	Oct	n/a	n/a
		Dec	n/a	175
		Feb	n/a	140
		Apr	n/a	140
		Jun	n/a	140
		Oct	n/a	n/a
	Illinois River	Dec	n/a	230
		Feb	n/a	180
		Apr	n/a	150
		Jun	n/a	150

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



Barge Grain Movements

for week ending 11/30/02

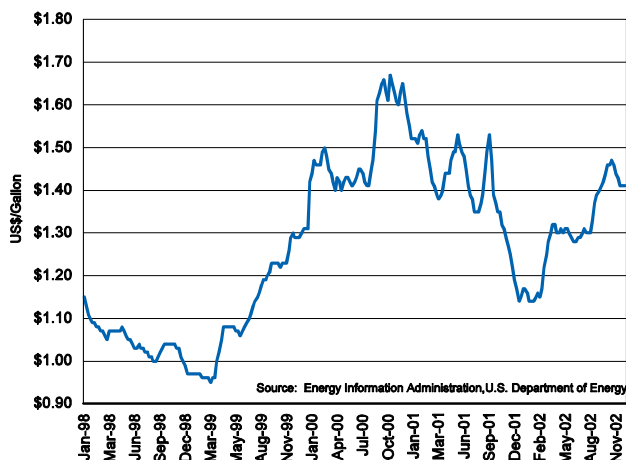
	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	541	3	134	677
Winfield, MO (L25)	702	8	203	916
Alton, IL (L26)	824	25	247	1,099
Granite City, IL (L27)	768	22	239	1,031
Illinois River (L8)	128	16	67	210
Ohio River (L52)	n/a	n/a	n/a	n/a
Arkansas River (L1)	0	23	28	51
2002 YTD	32,089	2,401	10,548	46,441
2001 YTD	29,397	2,556	8,982	42,737
% of 2001 YTD	109%	94%	117%	109%
Total 2001	31,878	2,679	10,616	47,091

YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers.

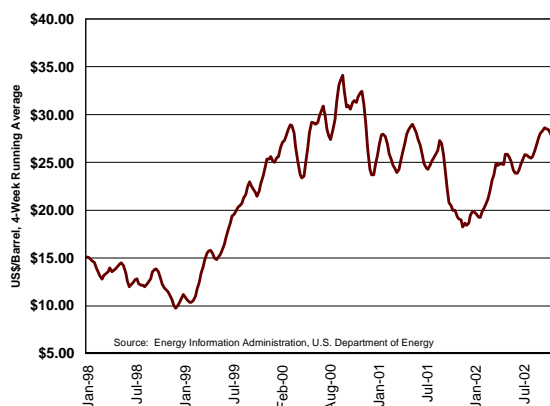
TRUCK TRANSPORTATION

Weekly U.S. Retail Road Diesel Price



The weekly **Diesel Price** provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost. **Crude Oil Price** is an indicator in future diesel price trends.

Weekly Brent Crude Price, Friday Close



Crude Oil Prices

US\$ per Barrel	This Week	Last Week	
Light Sweet Crude (NYMEX)	27.49	26.94	↑
Brent Crude	26.23	25.85	↑

Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

Note: Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London

GRAIN EXPORTS

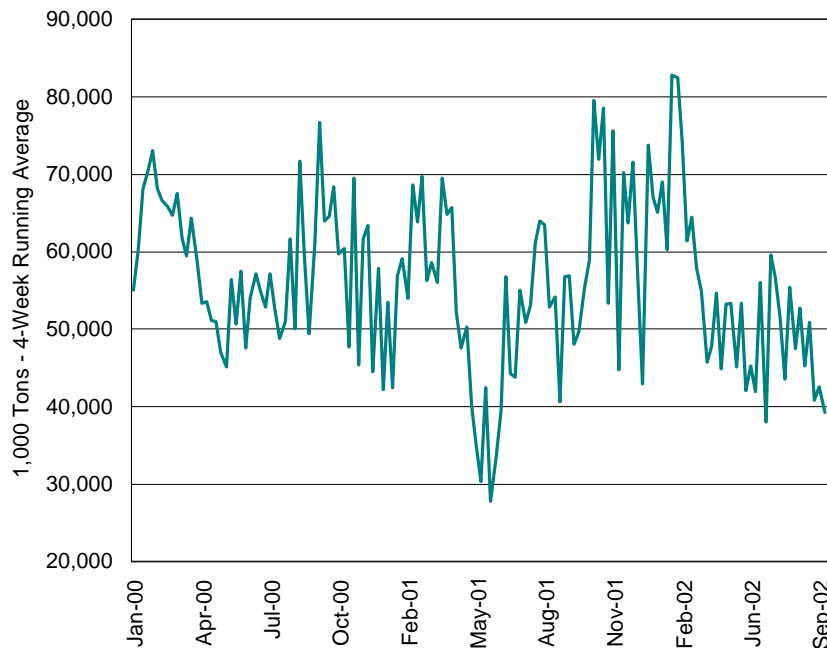
U.S. Export Balances (1,000 Metric Tons)

	HRW	SRW	Wheat		DUR	All	Corn	Soybean	Total
			HRS	SWW					
<u>Unshipped Export Balances</u>									
11/28/02	1,215	760	1,443	795	158	4,370	8,187	7,560	20,117
This Week Year Ago	1,241	679	1,068	549	275	3,812	7,635	8,499	19,946
<u>Cumulative Exports-Crop Year</u>									
01/02 YTD	4,277	1,362	3,602	1,802	446	11,488	9,334	8,380	29,202
00/01 YTD	4,231	3,004	2,751	1,708	623	12,316	10,618	17,713	40,647
99/00 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
98/99 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942
97/98 Total	9,867	6,792	8,918	6,443	897	32,918	55,769	23,550	112,237

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>			<u>Port Region Total</u>		
	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Pacific	Mississippi	Texas
12/05/02	196	116	69	110	702	655	129	0	0	380	1,467	129
2002 YTD	8,387	3,665	2,752	5,226	34,120	16,582	5,571	261	992	14,803	55,928	6,824
2001 YTD	9,063	4,912	2,634	5,942	32,557	15,533	5,446	263	1,454	16,610	54,032	7,163
% of 2001 YTD	93%	75%	104%	88%	105%	107%	102%	99%	68%	89%	104%	95%
2001 Total	10,007	5,877	1,647	6,829	34,991	17,996	6,984	470	1,008	17,530	59,816	8,462

Source: Federal Grain Inspection Service YTD-Year-to-Date

U.S. Grain Inspected for Export**Select Canadian Port Export Inspections**
1,000 Metric Tons, Week End Summary

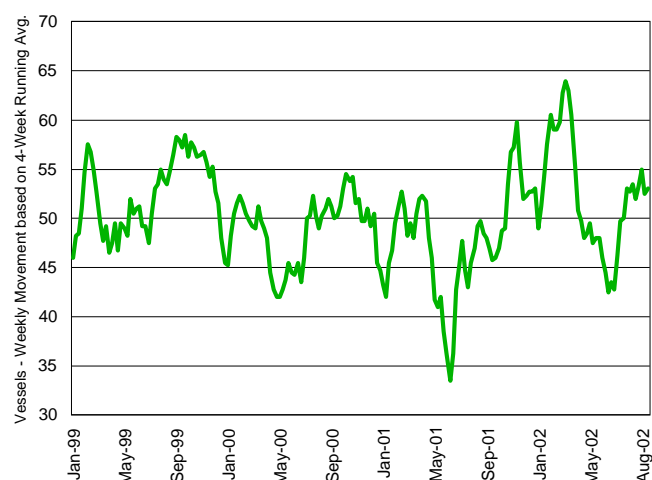
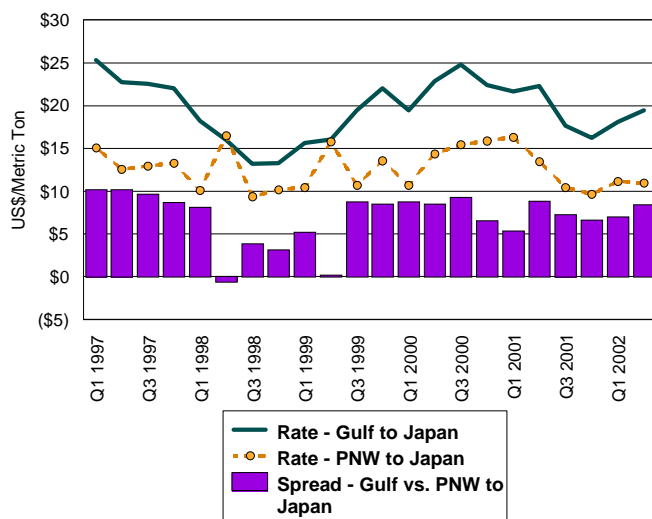
	Wheat	Durum	Barley
12/05/02			
Vancouver			
Prince Rupert	73	11	
Prairie Direct	0	3	6
Thunder Bay	4		0
St. Lawrence	1,948	1,067	144
2001/02 YTD	4,927	1,036	378
2002/03 YTD	2,024	1,082	150
% of Last Year	243%	96%	251%

Source: Canadian Grains Commission, Crop Year 8/1- 7/31

Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
11/28/02	39	55	54	9	5
12/05/02	37	54	69	10	2
2001 Range	(13..65)	(28..64)	(46..81)	(1..18)	(4..20)
2001 Avg	36	48	63	9	12

Source: Transportation & Marketing /AMS/ USDA

**Gulf Port Region Grain Vessel Loading
Past 7 Days****Grain Vessel Rates to Japan****Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton

	2002 3 rd Qtr	2001 3 rd Qtr	% Change		2002 3 rd Qtr	2001 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.54	\$17.69	9%	Japan	\$11.57	\$11.46	10%
Mexico	\$7.14	-	-				
Venezuela	-	\$13.45	-				
N. Europe	-	\$12.06	-				
N. Africa	\$31.64	\$18.21	42%	Argentina to			
Med. Sea	\$11.92	\$12.05	-1%	Med. Sea	\$19.93	-	-
Black Sea	-	-	-	N. Europe	-	\$16.22	-
				Japan	-	\$29.40	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates for Selected Shipments - week ending 11/30/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
U.S. Gulf	Matarani, Peru	Grain Bggd	Jan 10/25	5,020	\$132.85*
U.S. Gulf	Corinto, Nicaragua	Grains	Dec 3/5	18,590	\$29.00
U.S. Gulf	Japan	Heavy Grain	Feb	54,000	\$24.25

Source: Maritime Research Inc.; rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

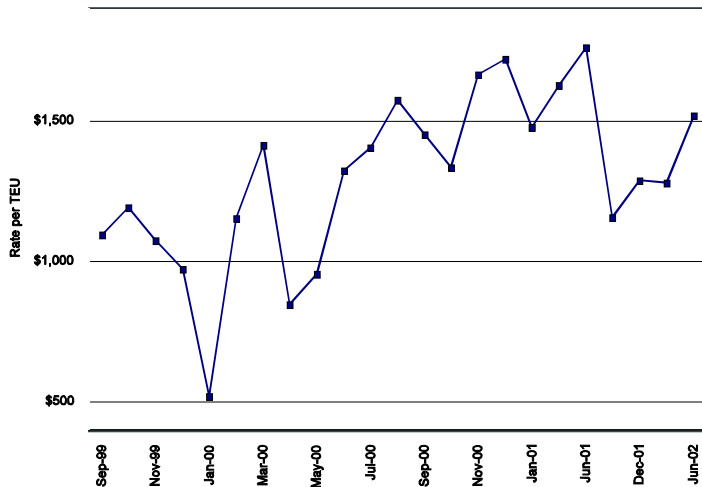
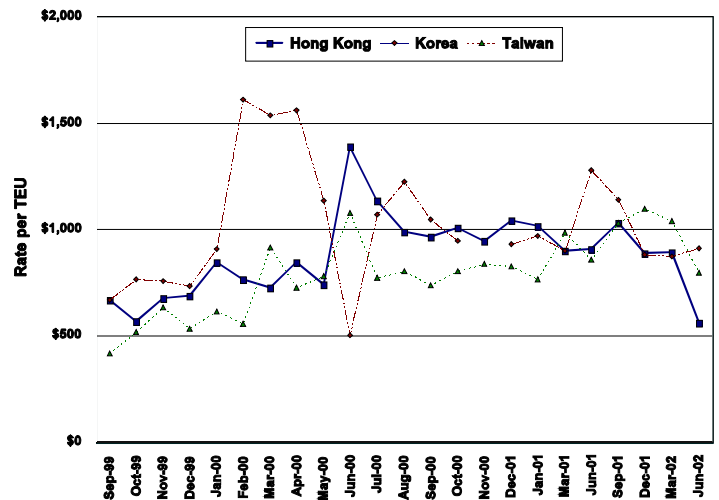
*The Jones Act requires shipments of food aid from the U.S. to be shipped on U.S. flag vessels. The vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer duration than normal. Lastly, the loading and unloading of bagged commodities is generally more labor intensive than bulk shipments, which also contributes to the additional cost.

CONTAINER

Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA

Container Rates - Soybeans
Seattle, WA Origin to Tokyo, Japan**Container Rates - Feed Grain**
Seattle, WA Origin to Selected Destinations

Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.